

# House File 133

HOUSE FILE \_\_\_\_\_  
BY MAY, WINDSCHITL, HUSEMAN,  
L. MILLER, S. OLSON, FORRISTALL,  
BAUDLER, TYMESON, RASMUSSEN,  
WORTHAN, UPMEYER, BERRY, GRANZOW,  
WATTS, CHAMBERS, DE BOEF, HEATON,  
TJEPKES, JACOBS, WIENCEK,  
and ANDERSON

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act exempting from the individual income tax federal  
2 retirement pay received for military service and including a  
3 retroactive applicability date provision.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 1370YH 82  
6 mg/gg/14

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1 1 Section 1. Section 422.7, Code 2007, is amended by adding  
1 2 the following new subsection:  
1 3 NEW SUBSECTION. 31A. a. Subject to paragraph "b", for a  
1 4 taxpayer forty years of age or older, subtract, to the extent  
1 5 included, retirement pay received from the federal government  
1 6 for military service performed in the armed forces, armed  
1 7 forces military reserve, or national guard.  
1 8 b. The amount subtracted pursuant to paragraph "a" is  
1 9 limited to the following:  
1 10 (1) Five thousand dollars for the first tax year the  
1 11 taxpayer claims the exclusion under this subsection.  
1 12 (2) Ten thousand dollars for the second tax year the  
1 13 taxpayer claims the exclusion under this subsection.  
1 14 (3) Fifteen thousand dollars for the third tax year the  
1 15 taxpayer claims the exclusion under this subsection.  
1 16 (4) Twenty thousand dollars for the fourth tax year and  
1 17 subsequent tax years the taxpayer claims the exclusion under  
1 18 this subsection.  
1 19 c. The exclusion of retirement benefits under this  
1 20 subsection is in addition to any exclusion provided under  
1 21 subsection 31.  
1 22 Sec. 2. RETROACTIVE APPLICABILITY DATE. This Act applies  
1 23 retroactively to January 1, 2007, for tax years beginning on  
1 24 or after that date.

### EXPLANATION

1 25 This bill provides for the exclusion of \$20,000 of  
1 26 retirement benefits from federal military service in the armed  
1 27 forces, military reserve, or national guard, phased in over  
1 28 four years. A taxpayer must be at least 40 years of age  
1 29 before claiming the exclusion.  
1 30 The bill applies retroactively to January 1, 2007, for tax  
1 31 years beginning on or after that date.  
1 32  
1 33 LSB 1370YH 82  
1 34 mg:sc/gg/14